

When the entrepreneurs of the eighteenth and nineteenth centuries were leading their companies they needed administrators to ensure the smooth operation of the organisation. Thus the term manager entered the commercial world, but the leaders (the entrepreneurs) took on the term ‘director’. Over time, the leadership role became blurred and, especially under conditions of ‘scientific management’, workers were seen as subject to detailed control by managers, who were focused on objectives to be achieved, rather than upon the processes that underpin success.

Process can be thought of as a course of action, a series of operations which, taken in sequence, produce a desired result. It is a manager’s task to ensure that existing processes are controlled efficiently. By contrast, a leader will be concerned with achieving the desired end result, but will be actively seeking the most effective way of achieving it.

Today’s manager tends to be far more proactive than the manager of only a decade ago – but the actual role of the manager in today’s organisations is still far from universally accepted, let alone defined. The distinction between manager and leader is a complex, on-going and fascinating topic, which merits coverage in greater depth than is possible in this marketing course. See the prolific writings of Peter Drucker for an enlightened approach to management, and John Adair, whose work on leadership has added greatly to today’s thinking but has led the way to the current emphasis on management education and training.

For simplicity, we shall use the accepted term ‘manager’, but remember that we are using the term in its modern form to mean manager/leader.

» 1.2 Corporate v Functional Management

In any organisation there is need to ensure that the entity *as a whole* survives and, if possible, prospers. This can only be achieved if all elements within the organisation pull in the same direction because they share common objectives.

Objectives which concern the whole organisation are ‘corporate’. Those which concern each discipline are ‘functional’. Thus functional objectives apply within Marketing, Finance, Production, Procurement, Human Resource Management – whatever specialities the organisation needs in order to achieve its corporate objectives. A major problem can be created when managers focus on the function of their department, with little or no concern for corporate needs. This short-term view is likely to lead to damaging internal politics and organisational ineffectiveness.

If a separate cadre of corporate management is formed – as when a holding company co-ordinates a group – there is a danger that a rivalry may develop, with corporate management seen by managers of functions as interfering and, functional management seen by corporate managers as old-fashioned and self-centred.

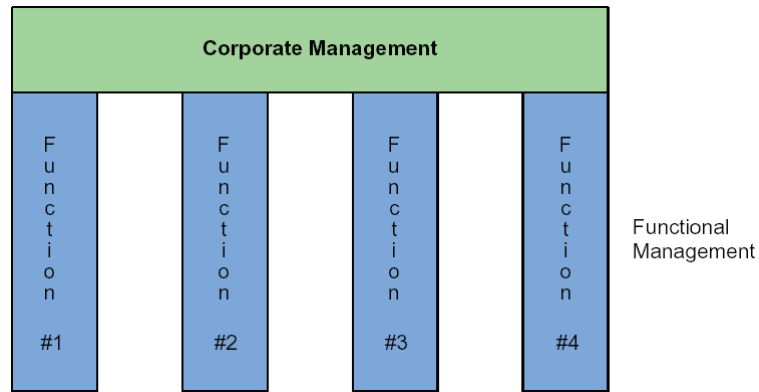


Figure 1: Corporate and functional management

Directors

Each function will be under the control of a senior manager, a Director (Terminology will vary, especially between commercial, not-for-profit and public service organisations, but the principle holds true).

Directors are, by legal definition, responsible for the whole organisation and they form the senior level of corporate management. Usually they are the only corporate management level, but may be joined by senior managers, such as the Marketing Manager, where the organisational structure makes this appropriate. They are (or should be) concerned with decisions that affect all the organisation's functions. They are charged with setting corporate objectives that provide a focus for the organisation as a whole. Each function is then responsible for setting its own objectives, subsidiary to the corporate objectives, which will assist the organisation as a whole to achieve its intentions.

The Marketing Director, therefore, is first a corporate manager, secondly a marketing specialist. It can be very difficult to make the transition from a functional to a corporate focus, and it requires a deliberate programme of education and training to help the young functional specialist acquire the necessary skills and experience as seniority develops.

Even junior functional specialists must be concerned with corporate issues, however. There is a need to work closely with the other functions, since without a congruence of purpose nothing meaningful can be achieved. If, for example, the production department does not produce to schedule, and/or the distribution department does not move the goods, there is little point in the marketing department securing orders from customers.

Q ACTIVITY 1: QUESTION

Fill in on the following table what managers of the various functions – Sales, Production, Finance etc – might use as their success criteria when judging a product, range, availability etc. The first line has been filled in for you, but you may of course amend it, if you wish.

	Sales	Production	Finance
Product	Quality	Good	Acceptable
Range			
Availability			
Stocks			
Price			
Credit			
Success			

Table 1: Success criteria

Then consider the effect on an organisation if any one of these functions is dominant.

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ACTIVITY 1: ANSWER

There is no 'correct' answer to this exercise, but a possible answer is given below. The point is that the success criteria are likely to vary from function to function and might well be at odds with one another.

	Sales	Production	Finance
Product	Quality	Good	Acceptable
Range	Custom made to order	Long-run standard	Cost-efficiency
Availability	Fluctuates with season	Continuous level production	Minimum cost solution
Stocks	Ample- close to customers	Low- sales to match capacity	Minimum capital tied up
Price	Low, flexible	Little interest	Optimum price/volume solution
Credit	Long, flexible	Little interest	Short
Success	Order volume	Smooth production	High profits

If Sales requires a better product than that produced by competitors, at lower price, available from stock in a range of custom designs and colours, it has major implications for production and finance.

If Production produces only one adequate product at lowest cost to facilitate continuous production runs, the unit costs will be very low but Sales will be forced into the mass market, with price as their only major selling point.

If Finance pursues a high profit/low risk policy, then few (if any) new products will meet their development criteria and of those that do it is likely that none will be sufficiently funded to achieve market penetration.

In short, if any single function dominates an organisation, the effects will be detrimental to the others. The marketing concept offers a solution to this dilemma by proposing an integrated approach based on external need rather than on an internal power struggle.

We shall return to corporate and functional issues as we consider the role of marketing in management in Section 3.

Q ACTIVITY 2: QUESTION

Indicate in the table below what functional disciplines are needed by different kinds of organisations: retail, manufacturing, charitable and educational. Show by the number of crosses you put in each box how important the function is to each type of organisation.

	Retail	Manufacture	Charity	Education
Finance				
Procurement				
Production				
Distribution				
Personnel				
Marketing				

Table 2: Functional disciplines by organisational type

A ACTIVITY 2: ANSWER

A likely answer is given below:

	Retail	Manufacture	Charity	Education
Finance	xxxxx	xxxxx	xxxxx	xxx
Procurement	xxxxx	xxx	xx	
Production		xxxxx		
Distribution	xxxxx	xxxxx	xxx	x
Personnel	xxx	xxx	xxxxx	xxxxx
Marketing	xxxxx	xxx	xx	x

Table 2: Functional disciplines by organisational type

Note that within a generalised heading, such as 'Finance', there will be sub-specialities handling such issues as foreign exchange (Treasury), cost and price (Cost Accountants), credit (Credit Control). There will also be need for management and financial accounts to be prepared and corporate taxation to be handled.

There may also be a need for an Estates Management team – which in some organisations may be sufficiently important to justify a specialist function in its own right. Similar specialist sub-functions exist across the width and depth of an organisation.

The importance of any function is usually determined not only by the organisation's actual need, but also by the political skills of the functional managements. This is how it is – not how it should be – in many organisations. In such cases corporate management face a major task of organisational development involving attitude change.

Summary

The role of the manager as an administrator and controller is giving way to an understanding that management is concerned with leadership. The notion that functional focus is detrimental to overall corporate success is also gaining ground. Everybody in an organisation must have a shared view on purpose and objectives. Corporate objectives must be set if functional objectives are to have synergy, since without the guidance provided by corporate objectives each functional manager could, and probably would, set functional objectives without regard for their effect on other functions.

SECTION 2: Marketing

Introduction

This section examines what is meant by the term ‘marketing’ and looks at the philosophies underpinning it. The aim of this section is to help you to:

- assess a range of definitions of marketing
- create one or more definitions of marketing for yourself
- define key marketing terms
- begin an analysis of the effectiveness of the marketing concept in use.

2.1 Towards a Definition

Marketing is a term which can arouse a surprising level of passion and hostility in those who equate it with hard selling, unacceptable techniques of persuasion and profligate spending on promotion in place of cost reduction. The marketer’s response is that any tool can be misused, but misuse by some does not negate the benefits available to the many who use the tool properly.

That the value of marketing is becoming ever more widely appreciated is evidenced by its adoption by not-for-profit organisations, notably in the education world, where the most vociferous opponents of its adoption were (and still are) to be found.